



NEW TRANSFORMATION Q's and A's

May 10, 2013

Q1. How will all of this affect someone who is trying to get a hardship transfer?

A1. For Non-bargaining unit and NFFE employees, the hardship reassignment process as specified in our HUD policy remains unchanged. The provisions of the formal Hardship Transfer Policy do not apply to AFGE bargaining unit employees at this time because national contract negotiations are in progress. However AFGE bargaining unit employees may also apply for a hardship transfer. Their applications will be handled in accordance with existing past practices.

Q2. Why not increase the \$25,000 buyout amount? After taxes, this amount is not sufficient to even buy a new mid-sized automobile, and it's not sufficient to cover necessary expenses for several months necessitated because of an early termination of employment. A buyout of at least \$75,000 should be considered to have any sufficient assistance for early termination.

A2. Unfortunately, the \$25,000 Voluntary Separation Incentive Program (VSIP) maximum is set by federal law so HUD is unable to offer its employees more. For more information, see <http://www.opm.gov/policy-data-oversight/workforce-restructuring/voluntary-separation-incentive-payments/guide.pdf>

Q3. Will you allow an office who has staff shortages in FPM the ability to recruit personnel that will be reassigned?

A3. Reassignments of affected employees must be considered in the context of union negotiations and are subject to FTE ceiling constraints

Q4. Will out stationed MF personnel from HQ be required to relocate to the local hub or to HQ?

A4. Our current plan proposes to consolidate Multifamily's presence to ten locations in the field, as well as headquarters in Washington DC. Employees who are not sitting in one of the final locations will be given the option to accept a buyout or be asked to relocate. Options for specific individuals, including those out-stationed from HQ, cannot be shared until the completion of negotiations with the unions. Updates will be shared as soon as they are available.

Q5. Can we telework & use CWS as we do now? What about working outstation? There is a very high volume of MF production here and it would make more sense to have an appraiser, for example, located in this busy area to handle the workload.

A5. Under the Transformation, we will follow the guidelines under HUD's existing telework policy and negotiated agreements. There are no plans to out station employees.

Q6. You mentioned the office closures will take place by 9/30 this year. When will the initial relocation take place?

A6. No relocations will take place until union negotiations are complete. We are proposing that Relocations be initiated in August and September.

Q7. When will buyouts begin for multifamily staff?

A7. Based on final VERA/VSIP approval and union negotiations, we plan to offer impacted staff in the first region (likely Fort Worth / Kansas City) buyout offers and directed reassignments early this fall; however, it is difficult to predict exact timing.

Q8. What HOC and HUB offices will be closed?

A8. This plan does not apply to single family; no HOCs are impacted. Multifamily is also not closing any offices, since other HUD staff will remain in those locations. However, Multifamily field staff will consolidate to ten future locations: New York, Boston, Atlanta, Jacksonville, Chicago, Detroit, Fort Worth, Kansas City, San Francisco, and Denver. The Seattle office will become part of the Office of Healthcare Programs.

Q9. Is telework going to be expanded, so that relocation may not be necessary?

A9. Telework cannot be substituted for relocating. The current telework policy limits the amount of days employees can be away from their primary duty location.

Q10. Can you explain how an office as productive and efficient as Minneapolis is closing?

A10. The decision on which offices MF would consolidate and which offices would remain was based on a number of criteria, including: Is the field office currently a Hub? What is the past and anticipated workload? Is the field office a federal regional office? Is it a financial center allowing us to draw on local talent going into the future?

Q11. When do you anticipate the start of the consolidation for Regions 4, 8, 9 and 10?

A11. Under the current plan, the consolidation for Regions 4, 8, 9, and 10 will begin in FY2015. The implementation will be staggered across the fiscal year.

Q12. How much time will be given to employees to consider relocation benefits / buyouts / retirement?

A12. At this time, we are unable to specify the timeframes because they are dependent on approval authority, union negotiations, etc. However, it is never too early to begin thinking about what could work best for your individual situation and make some tentative decisions.

Q13. Will the 2% penalty a year apply if you are under the retirement age?

A13. Each employee's situation is different. To receive individual retirement benefit counseling, please see the list of contacts below.

Contact this group...	If you are...	With a question about...
FHA Operations Employee Services Support Division 202-708-0820 Trumaine.Mathis@hud.gov	Part of Housing, especially if you are impacted by the Multifamily transformation	<ul style="list-style-type: none"> Where you should go for more technical questions, if you don't have the right point of contact Your eligibility for buyouts or early retirement (if offered to you) and other personnel questions. <i>Only BDP (below) can calculate your potential retirement benefits and annuities</i>
Bureau of Public Debt Benefits Call Center 304-480-8275 Benefits@bpd.treas.gov	Part of Housing – <i>BPD currently only provides HR support to Housing</i>	<ul style="list-style-type: none"> Your eligibility for early retirement (if offered to you) and calculation of your annuities and retirement benefits based on years of service, age, and retirement plan Potential buyout benefits (if offered to you); FHA Operations ESSD (above) can also assist
OCHCO Pay, Benefits and Retirements Branch Lorraine Smith, 202-402-7467	Any HUD staff not in Housing	<ul style="list-style-type: none"> Your eligibility for early retirement (if offered to you) and calculation of your annuities and retirement benefits based on years of service, age, and retirement plan Potential buyout benefits (if offered to you)
We cannot currently answer questions about whether you individually will receive a buyout offer, early out offer, and/or relocation with directed reassignment. This will be determined in consultation with the union. We will update you as soon as possible.		

Q14. You mentioned up to \$25,000 buyouts. Is this the amount everyone will receive and what are the relocation expenses?

A14. The regulation allows for up to \$25,000, but not everyone will receive the same amount. An individual's buyout amount is dependent on many different factors. Relocation expenses will be paid to those who qualify. More information is available on the HUD@Work Transformation page: <http://hudatwork.hud.gov/hudtransformation21/buyout.cfm>

Q15. Will more contractors be brought on board to help achieve the streamlining goals, considering the reduced staffing levels?

A15. No contractors are employed by FPM in the field, and there are no plans to do so. Multifamily may use contractors in a limited temporary basis as needed to support the multifamily transformation. To be clear, contractors will NOT be replacing Multifamily jobs. We understand the magnitude of what we are planning to do and are committed to minimizing the disruption to our work – which is why we might look to contractors for temporary assistance. Again, these contractors will not be replacing HUD jobs. All Multifamily staff who want to stay with us will have that option - though perhaps in a different location or role.

Q16. Specifically for Regions 4, 8, 9, and 10, you mentioned 2015 as a target year to complete the consolidation of the offices in Regions 4, 8, 9, and 10. Approximately 2 - 2.5 years.

A16. The current plan proposes to implement changes to three regions in FY2015: Regions 1, 2, 3 (New York/Boston); Region 4 (Atlanta/Jacksonville); and Region 8,9,10 (San Francisco/Denver). The implementation will begin in FY2015 and will be staggered across the fiscal year. The reorganization of the other two regions, along with headquarters, is scheduled to be completed in FY2014.

We plan to offer impacted staff in the first region (likely Fort Worth/Kansas City) buyout offers and directed reassignments as soon as our plan is finalized upon completion of union negotiations. Until that time, it is difficult to predict exact timing. However, our goal remains to begin the first buyouts and relocations early this fall.

Q17. What is the function of a Multifamily satellite office?

A17. Multifamily satellite offices may be slightly smaller than the hub and have a streamlined leadership structure; however, like the hub, it will host both Production and Asset Management teams. The office will complement the hub by providing additional geographic coverage, as well as local and regional expertise.

Q18. How will this affect CAOMs?

A18. The function of CAOMs will be moving to Headquarters and the people who are currently CAOMs will either be offered a reassignment to a field asset management position in one of the ten offices, or the option of a buyout. We cannot yet share specifics about individual options or assignments.

Q19. Will we have the opportunity to work for OHP in our current location or where we do have OHP staff?

A19. The plan is to offer three options to the MF staff in the Seattle Hub offices; one, they will be offered a directed reassignment to the office of health care programs, and will be able to remain at their current duty station; two, they will be able to remain with multifamily housing and get a directed reassignment to either San Francisco or Denver; or three, accept a buyout and early retirement if eligible.

Q20. Will positions and/or position descriptions in the new Multifamily Hubs have to change with the absorption of other staff and Supervisory Staff members from the Field Offices?

A20. We are moving to a new Underwriter model in Production and Account Executive model in Asset Management. These changes will mean changing Position Descriptions (PDs) for many field staff. For example, a project manager in Asset Management may become an "Account Executive" or "Senior Account Executive." However, these changes to PDs are not the result of absorbing staff from other offices; they are the result of the improvements we're making to the Multifamily operating model.

Q21. With all the hub directors, PC directors supervisory team leaders and Senior PMs, what will the new structure look like for staff? How will leadership be determined in new reorg offices?

A21. We expect a similar concept to today, albeit more streamlined. Hub leaders will oversee each of the five future regions, along with regional leaders of both Production and Asset Management. We will also need supervisors in each of the offices to lead teams. Additional details will be shared upon the completion of union negotiations.

Q22. Is it possible that the hubs that are now field offices will have relocation opportunities to the new hub? For example, will Denver people be relocating to San Francisco?

A22. Our current plan does not envision providing relocation benefits to staff who sit in one of the ten future locations. However, employees are always welcome to apply for internal positions in a different location – and the transformation may create additional opportunities for this type of move. Voluntary reassignments, however, will not be accompanied by relocation benefits.

Q23. You talk about our customers – what about our tenants? Who will do the actual physical inspections/reviews of our MF properties? Will this work be contracted out for those properties a great distance from the office to which they are assigned?

A23. Multifamily will continue conducting on-site inspections as required by our policies and procedures. Today, we already manage assets and review applications from around the country, even when we have no nearby field office. We plan to continue this approach in the future. The proposal for consolidating offices does not include any plans for replacing Multifamily positions with contractors.

Q24. Engineers and Appraisers do physical inspections on a regular basis when construction is underway – how will this be handled? Will these functions be contracted out?

A24. Multifamily will continue conducting on-site inspections as required by our policies and procedures. Today, we already manage assets and review applications from around the country, even when we have no nearby field office. We plan to continue this approach in the future.

Q25. Would you expand on the comments regarding “specialized” Project Managers and the new positions that may be created?

A25. Please refer to FAQ #4, already posted on the Transformation webpage (<http://portal.hud.gov/hudportal/documents/huddoc?id=MFHFAQs.pdf>).

Q26. Can you give us a more detailed time frame for when the offices will be consolidated? We heard that Minneapolis is in wave 2, when does that start and when is the end date?

A26. We expect to begin the transformation in late CY 2013. We will not launch any reorganization or role changes until we have completed union negotiations.

The transformation will continue in region-by-region waves through FY16. We currently expect the first two field regions to be Fort Worth / Kansas City (Regions VI, VII) and Chicago / Detroit (Region V) – though this is subject to change. Under the current plan, these two regions will be consolidated in FY2014. More specific timelines will be provided upon completion of union negotiations.

Q27. How many total MF staff will be affected by the MF realignment?

A27. There are ~785 employees in field offices that will be directly affected (asked to relocate or accept a buyout). Head Quarters staff will also be offered buyouts, and some staff will be reassigned based on the consolidation to four offices from six. More details will be provided as soon as possible.

Beyond Multifamily’s plan, an additional ~35 MFH staff will be affected by FPM’s Small Office Project, which will close 16 small offices.

Q28. Will buyouts and early out retirement authority be extended to other program areas to help reduce staffing in some of the other small offices that are not yet being closed?

A28. At this time, we are not anticipating expanding the authority to other areas.

Q29. Please discuss the process changes in production: will this include a return to coinsurance or delegated processing?

A29. "Risk-based processing" means processing incoming applications based on risk and complexity. This process complements tools introduced in the Breaking Ground initiative like the Early Warning System, which allowed Production staff to rapidly identify applications that required further review by the submitter before being processed. This approach is also consistent with the risk-based approach introduced to Asset Management by *Sustaining our Investments*.

Q30. The whole premise of this MF operational change relates to operational effectiveness and efficiency. Following that logic, wouldn't it demand that the entire enterprise change to the regional format as outlined for MF?

A30. Multifamily's new regional structure will be much more consistent with the federal regional structure that is used elsewhere in HUD. At the same time, we wanted to create a regional structure that distributed our workload, provided appropriate geographic coverage, streamlined our leadership structure to increase accountability and management effectiveness, and otherwise met Multifamily's business needs. Even if no other parts of the enterprise make changes, we believe this should substantially increase our operational effectiveness and efficiency.

Q31. Do you have an estimate of the total projected cost to complete the organizational transformation?

A31. Preliminary cost estimates have been developed. See the summary of cost estimates in the Federal Register Notices. For the office closure: <http://www.gpo.gov/fdsys/pkg/FR-2013-04-26/pdf/2013-09799.pdf>

For the Multifamily Transformation: <http://www.gpo.gov/fdsys/pkg/FR-2013-04-26/pdf/2013-09799.pdf>.

However, more accurate cost projections cannot be determined until the total number of employees that elect to take buyouts and directed reassignments are determined.

Q32. Can staff from SF who are interested in the buyout take the buyout to open positions for MF staff that do not want to move or take a buyout?

A32. Under this transformation initiative, buyouts will only be offered to affected staff in MFH and those employees who are affected in the 16 offices that are scheduled for closure.

Q33. Will staff already working in the future MF HUB offices be offered buyouts?

A33. In the announcement broadcast, this question was answered by Marie Head, but we have received a tremendous amount of feedback that we should offer buyouts in those offices. We have considered your feedback and now the proposal will be to offer buyouts in those offices.

Q34. Will staff have a choice in which office they move to or will they be given 1 option they can take or leave?

A34. The specific options available to employees will be part of our union negotiations. We will share an update as soon as possible.

Q35. Will the proposed changes include training?

A35. Affected FPM staff will be reassigned into identical positions in other locations. Any necessary additional training will be considered in the context of union negotiations. Affected Multifamily staff will be provided the required training to succeed in this new operating model. Our approach to this training will build on lessons learned in *Breaking Ground* and *Sustaining our Investments*.

Q36. With the evolution and heightened success of the healthcare LEAN processing approach could Multifamily benefit in part, if not whole, from some virtual processing? This would allow team members to remain in place where there is already space, and other HUD programs so already utilities being paid.

A36. While there are some similarities between the Offices of Health Care and Multifamily, there are many differences. We have spent considerable time investing in improving our operating model with *Breaking Ground* and *Sustaining Our Investments*, and we need a structure that can support those improvements. We will not be able to maximize our efficiencies with a fragmented, virtual field structure and feel it is in all our best interest to transform our team into the proposed consolidated structure.

Q37. How many MF employees will be affected by the consolidation? i.e., how many will have to relocate, take a buyout, retire, or separate?

A37. Currently the plan is that all MF employees who currently report to an office scheduled to be consolidated will be offered a position at one of the ten remaining offices, and will be offered relocation benefits to help them move if they are eligible. Those who choose not to continue their careers with MF will be offered a buyout if they are eligible and choose to take it. We have no idea what the choices each individual will make, and cannot speculate on how many will choose to relocate to the remaining offices.

Q38. If people are going to be reassigned to other locations, why do we have so many job vacancies posted every week at HUD?

A38. The Deputy Secretary stated during the sequestration meeting with all employees that the Department must continue to fill mission critical positions to ensure HUD's mission can continue to move forward. Only hires that have been deemed critical are approved.

Q39. With regard to the reduction of the 50 multifamily offices down to 10 offices, does that mean if you are in region 5, you have to go to Chicago or Detroit? Is there an option to go to a different location? If so, will relocation cover a different office?

A39. Options for specific individuals, including those out-stationed from HQ, cannot be shared until the completion of negotiations with the unions. Updates will be shared as soon as they are available.

Q40. You mention consolidating MF functions into 10 offices; what will happen in those offices not on the list for closure. For example, Nashville is not on the list for closure, so what happens to those MF employees over time.

A40. Some of you may be confusing the two different programs under the HUD Transformation. One is called the Small Office Project and is being led by Field Policy Management (FPM), in which 16 of HUD's small offices are closing.

The other program is the Multifamily Transformation, which includes the consolidation of MF field offices. Multifamily plans to consolidate its 17 current hubs into 5 future regions. Each region will have two field offices – one hub and one satellite – for a total of 10 future offices.

Employees currently not located in these ten offices will have the options for relocation or a buy-out.

Q41. How can HUD monitor properties with less people and from a distance? This would increase travel costs with no employees to these areas that we service. You are spending money to relocate employees and buyouts, and we are going to be furloughed in a month.

A41. MF will continue to monitor properties from the new MF Hub and satellite offices much as we do today in regions such as the Denver Hub where we monitor properties in 6 states. We feel investing in the transformation of MF will in the long term provide a more efficient model that will ensure our ability to meet the needs of our customers going into the 21st century, and will create a more flexible structure to enable us to adapt to an ever changing financial landscape. These operational efficiencies were begun before the furloughs were introduced, and the necessity of this transformation has not gone away, rather the increased pressure on the budget due to sequestration highlights the need to be even more efficient.

Q42. As part of the transformation into the 21st century and with Multifamily being downsized will there be other programs that will be re-organized in the future?

A42. The Deputy Secretary has asked all program areas to look at their operating model to ensure they are efficient and able to meet the needs of the 21st century.

Q43. When will consolidation begin with the Office of Multifamily?

A43. Under the current plan, we anticipate the first wave of the MF transformation to begin late in the fall of CY2013. We will provide more details of the plans for the consolidation as soon as they are available.

Q44. You state that this is not a RIF, but if someone cannot take the buyout and relocation is not a viable option, then essentially they're being forced to resign. What other alternatives are being considered, e.g. 5-day telework, outstation, etc.? I ask this question because if someone is a primary caretaker for an elderly parent, what do you expect them to do to maintain their household and still be geographically close to their elderly/disabled parent(s)? Why is telework not being presented as an option versus relocation? The Patent Trademark Office has 5-day telework options, will HUD consider this?

A44. Every employee affected by the Multifamily transformation and the office closures will have the opportunity to continue their service with Multifamily or their program office. Affected employees will be offered relocation benefits if they choose to accept a directed reassignment. Eligible employees can choose to accept a buyout and early retirement. There will be no changes to the existing telework policy, and at this time we are not considering options such as out-stationed employees.

Q45. If an employee takes a buyout, will they be given the proper paperwork to show that they have a hiring preference for vacant positions with other federal agencies?

A45. No. An employee who receives a VSIP is considered to have voluntarily separated and therefore is not entitled to any form of placement assistance, such as the Reemployment Priority List or ICTAP. Additionally, while an employee who elects to receive a VSIP payment is not precluded from reemployment with the Federal government, if he/she accepts new employment (including certain types of contract positions) within five (5) years from the effective date of the separation, the entire VSIP payment must be repaid prior to the effective date of reemployment.

Q46. If MF employees do not want to relocate, will there be an opportunity to have these employees be laterally reassigned into other program offices/division within their current duty station?

A46. We are committed to looking into working with other program areas to take advantage of any opportunities for MF staff who do not wish to relocate to find positions in other program areas.

Q47. If MF employees do not want to be relocated, can employees be out-stationed within their current duty station?

A47. Subject to union negotiations, it is not currently in our plan to have out-stationed employees in MF housing as a result of the transformation.

Q48. What is the financial impact of this restructuring? Short-term costs vs. Long term savings?

A48. See the cost benefit analysis contained in Federal Register Notice

For the office closure: <http://www.gpo.gov/fdsys/pkg/FR-2013-04-26/pdf/2013-09799.pdf>

For the Multifamily Transformation: <http://www.gpo.gov/fdsys/pkg/FR-2013-04-26/pdf/2013-09799.pdf>

Q49. Will there be an impact on employees in those offices not closing (i.e. Atlanta)? Will there be possible relocation?

A49. There are no current plans for the employees in the remaining ten offices to relocate to another office.

Q50. How will the very long backlog of processing retirement benefits keep up with the potential for new retirees from HUD?

A50. The PBRD processes retirement actions and forwards retirement packages to the NFC Retirement Processing Section for final payroll reconciliation. NFC forwards payroll/retirement records to OPM for final adjudication. It may take OPM up to 8 weeks or longer from the receipt date of the payroll/retirement record to issue the employee an interim payment.

Q51. Will field counsel who primarily do Multifamily work (closings) be relocated or have the option to relocate to the new Hub?

A51. The Office of General Council (OGC) is not part of the MF transformation.

Q52. Is Los Angeles Hub going to be the satellite office under San Francisco Hub due to the Restructure Plan of HQ & Field Offices?

A52. No, that is not the current plan. For Federal regions 8, 9, and 10, the plan is to have San Francisco as the Hub and Denver as the Satellite office.

Q53. Will staff that can reasonably expect to be impacted be afforded the opportunity and preference for transfer including moving costs to vacancies within the department? (Including vacancies in programs outside of Multi-family and FPM such as PIH, FHEO and HQ's assignments)?

A53. Employees are always encouraged to apply for opportunities in other Program Offices. The vacancy announcements will reflect whether relocation expenses are being offered based on budget availability.

Q54. Will the Department offer “Early Out” for Multifamily Housing Employees? This would be for someone who does not have the age/years of service to retire, but for personal reasons cannot transfer to another location?

A54. We are applying for Voluntary Early Retirement Authority for employees affected under the transformation. If the request is approved by the Office of Personnel Management, this option will be offered to affected employees who are not eligible for immediate retirement.

Q55. As part of the restructuring process, did the Agency consider implementing an 'out station program' versus paying relocation cost?

A55. A primary purpose of the office closings is to realign staff to other locations to best support program delivery. This will not be achieved by leaving staff in place.

Q56. How do you answer individuals that do not benefit from an early retirement, do not have the years of service to benefit from a buyout, and may not be in a financial position to sell their home, or have family obligations that make them unable to relocate such as school age children, parents dependent on you, spouse work considerations?

A56. We understand personal obligations may preclude an employee from accepting the new assignment. The Department is committed to executing this reorganization in the most fair and respectful manner possible; however, the Department has an obligation to be fiscally responsible.